

***AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

HONESTLY, INC.

June 30, 2024

Audited Financial Statements
and Supplementary Information

HONESTLY, INC.

June 30, 2024

Table of Contents

Audited Financial Statements

Independent Auditors’ Report..... 1
Statement of Financial Position 4
Statement of Activities..... 5
Statement of Cash Flows 6
Statement of Functional Expenses 7
Notes to Financial Statements..... 8

Internal Control and Compliance Reports

Independent Auditors’ Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards..... 12



Independent Auditors' Report

To the Board of Directors
Honestly, Inc.
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Honestly, Inc. (the "Organization"), a not-for-profit organization, which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Rose Rock CPAs PLLC

Edmond, Oklahoma
November 4, 2024

STATEMENT OF FINANCIAL POSITION

HONESTLY, INC.

JUNE 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$	524,517
Contributions receivable		230,955
Prepaid expenses and other assets		<u>13,133</u>
Total current assets		768,605

Property and equipment:

Equipment and furniture		6,994
Less accumulated depreciation		<u>(6,994)</u>
Property and equipment, net		<u>-</u>

TOTAL ASSETS \$ 768,605

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$	14,560
Accrued expenses		194
Accrued payroll and related liabilities		<u>16,737</u>
Total current liabilities		<u>31,491</u>

TOTAL LIABILITIES 31,491

Net assets:

Without donor restriction		223,746
With donor restriction		<u>513,368</u>

TOTAL NET ASSETS 737,114

TOTAL LIABILITIES AND NET ASSETS \$ 768,605

See notes to financial statements.

STATEMENT OF ACTIVITIES

HONESTLY, INC.

YEAR ENDED JUNE 30, 2024

	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Contributions	297,815	584,790	882,605
Interest	4,109	-	4,109
Other	2,665	-	2,665
Net assets released from restriction	472,223	(472,223)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>776,812</u>	<u>112,567</u>	<u>889,379</u>
EXPENSES			
Program services	388,099	-	388,099
Support services	405,836	-	405,836
Fundraising	98,998	-	98,998
TOTAL EXPENSES	<u>892,933</u>	<u>-</u>	<u>892,933</u>
CHANGE IN NET ASSETS	(116,121)	112,567	(3,554)
NET ASSETS AT BEGINNING OF YEAR	<u>339,867</u>	<u>400,801</u>	<u>740,668</u>
NET ASSETS AT END OF YEAR	<u>\$ 223,746</u>	<u>\$ 513,368</u>	<u>\$ 737,114</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

HONESTLY, INC.

YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	(3,554)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		699
Changes in operating assets and liabilities:		
Grants and contracts receivable		127,337
Contributions receivable		(31,641)
Prepaid expenses and other assets		3,181
Accounts payable		(93,304)
Accrued expenses		(6)
Accrued payroll and related liabilities		<u>(18,821)</u>
NET CASH USED IN OPERATING ACTIVITIES		<u>(16,109)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		(16,109)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>540,626</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	<u><u>524,517</u></u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

HONESTLY, INC.

YEAR ENDED JUNE 30, 2024

	Program Services	Support Services	Fundraising	Total Expenses
Salary and benefits	\$ 324,310	\$ 328,585	\$ 77,241	\$ 730,136
Travel and training	427	201	-	628
Contracts	50,975	45,538	10,000	106,513
Insurance	-	8,788	-	8,788
Facility	200	15,269	100	15,569
Supplies	1,649	4,349	3,798	9,796
Marketing	6,222	668	3,243	10,133
Education and outreach	4,291	957	4,315	9,563
Depreciation	-	699	-	699
Other	25	782	301	1,108
	<u>\$ 388,099</u>	<u>\$ 405,836</u>	<u>\$ 98,998</u>	<u>\$ 892,933</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

HONESTLY, INC.

June 30, 2024

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Honestly, Inc. (the "Organization") was formed as Central Oklahoma Campaign to Prevent Teen Pregnancy, a publicly supported, non-profit organization on June 2, 2016. The Organization was formed to lead the community's facilitation of collective participation and action that will result in reduced teen and unplanned pregnancies in central Oklahoma.

Honestly, Inc. is the backbone organization of a collective impact effort in central Oklahoma. The Organization leads and facilitates a public-private collaboration, comprised of organizational and individual change agents working to advance a common agenda to reduce the teen birth rate in Oklahoma County by an additional 25% by 2025 through implementation of a comprehensive plan, Momentum Matters.

The Organization's mission is to build a movement to improve sexual health outcomes for youth, with a vision that points toward a culture in which the opportunities for youth to pursue education, careers, and well-being are not limited by teen pregnancy.

The Organization does this by:

- Acting as the facilitator of the Collaboration with a common agenda focused on reducing Oklahoma County's teen birth rate by an additional 25% by 2025.
- Convening, supporting, and connecting their partner network of content and context experts to have the biggest impact.
- Engaging and mobilizing the community around their cause and the work of the Collaboration.
- Evaluating and sharing data for the purpose of strategic learning and more effective collective impact.
- Advocating for youth to have access to resources, services, and medically accurate information about sexual health.

Net Assets: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Organization is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of restrictions on use that are placed by its donors and are as follows:

Net Assets Without Donor Restriction--Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

HONESTLY, INC.

June 30, 2024

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Net Assets--Continued:

Net Assets With Donor Restriction--Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for the resource that was restricted has been fulfilled, or both.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Contributions Receivable: Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Promises to give are written off when deemed uncollectible.

Fixed Assets: Equipment and furniture with a cost of \$5,000 or more and a useful life of more than one year are carried at cost at the date of acquisition, or fair value at the date of donation in the case of gifts, net of accumulated depreciation. Depreciation on equipment and furniture is calculated on the straight-line method over the estimated useful lives of the assets which is typically five years. The Organization reports gifts of equipment and furniture as unrestricted support unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor restrictions about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Normal repairs and maintenance expenditures are expensed when incurred.

Revenue Recognition:

Contributions--Contributions, including unconditional promises to give, are recognized as revenues in the period received by the Organization. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Transfers of assets under conditional promises, which are received by the Organization prior to fulfilling these conditions, are recorded as a liability until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the gift date. Revenue earned but not yet collected is recorded as a receivable and included in contributions receivable in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

HONESTLY, INC.

June 30, 2024

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Functional Allocation of Expenses: The costs of program services, support services and fundraising activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Certain categories of expenses are attributed to more than one function. These expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated to each function on the basis of time and effort.

Income Tax Status: The Organization qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue code, and therefore has no provision for federal or state income taxes.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. The Organization is subject to routine audits by taxing jurisdictions. However, there are currently no audits for any tax periods in progress. The Organization's management believes it is no longer subject to income tax examinations prior to 2021.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fundraising Costs: The Organization expenses the costs of fundraising as incurred.

Concentration of Credit: The Organization participates in the Insured Cash Sweep (ICS) service. Under the ICS program, the Organization's bank deposits are automatically placed into deposit accounts with members of the ICS network in increments below the \$250,000 Federal Deposit Insurance Corporation coverage limit. The Organization does not believe it is exposed to significant credit risk in connection to its cash and cash equivalents.

Recently Adopted Accounting Pronouncement: The Organization adopted FASB issued ASU 2016-13, (*Financial Instruments—Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments) ("ASU 2016-13") effective July 1, 2023. The standard's main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope and to replace the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 requires the use of a forward-looking expected loss model for certain financial assets carried at amortized cost. Based on management's assessment, the primary assets within scope of the new accounting guidance are the Organization's accounts receivable. The implementation of ASU 2016-13 did not have a material impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

HONESTLY, INC.

June 30, 2024

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Subsequent Events: Subsequent events have been evaluated through June 30, 2024, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events requiring adjustment to the financial statements or disclosure in the notes to the financial statements.

NOTE B--NET ASSETS WITH DONOR RESTRICTION

Net assets are restricted with the following purposes at June 30, 2024:

General operations - held for future use	\$ 250,000
General operations - contributions receivable	186,961
Brave The Talk	54,607
Comprehensive Plan	20,000
Championing Reproductive Well-Being	<u>1,800</u>
	<u>\$ 513,368</u>

NOTE C--RETIREMENT PLAN

The Organization sponsors a 401(k) Plan (the "Plan") in which its full-time employees may participate upon reaching certain eligibility requirements. Employees are required to contribute 1% of eligible compensation to the Plan and are allowed to make additional contributions to the Plan up to the maximum amount allowed by federal tax laws. For the year ended June 30, 2024, the Organization matched 100% of participant contributions up to 4% of eligible compensation. The Organization made matching contributions of approximately \$22,000 to the Plan for the year ended June 30, 2024.

NOTE D--LIQUIDITY

The Organization has approximately \$720,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and contributions receivable. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Honestly, Inc.
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Honestly, Inc. (the "Organization"), a not-for-profit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rose Rock CPAs PLLC

Edmond, Oklahoma
November 4, 2024